

**ST. THOMAS COMMUNITY HEALTH CENTER, INC.
FINANCIAL AND COMPLIANCE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/1/10

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Certified Public Accountants & Consultants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
St. Thomas Community Health Center, Inc.

We have audited the accompanying statement of financial position of St. Thomas Community Health Center, Inc. (a non-profit corporation) as of December 31, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of St. Thomas Community Health Center, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Thomas Community Health Center, Inc. as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2010 on our consideration of St. Thomas Community Health Center, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants as of and for the year ended December 31, 2009. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Our audit was conducted for the purpose of forming an opinion on the basic financial statements of St. Thomas Community Health Center, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Silva Gurtner & Abney, LLC

June 9, 2010

ST. THOMAS COMMUNITY HEALTH CENTER, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009

ASSETS

Cash	\$ 511,893
Restricted cash	1,699,338
Accounts receivable	152,109
Prepaid expenses and other assets	1,100
Investments	73,701
Deposits	50,975
Furniture, equipment and leasehold improvements, net of accumulated depreciation	<u>719,439</u>
Total Assets	<u>\$ 3,208,555</u> ✓

LIABILITIES

Accounts payable and accrued liabilities	\$ 57,892
Due to plan trustee	<u>3,632</u>
Total liabilities	<u>61,524</u>

NET ASSETS

Unrestricted	1,447,693
Temporarily restricted	<u>1,699,338</u>
Total net assets	<u>3,147,031</u>
Total Liabilities and Net Assets	<u>\$ 3,208,555</u> ✓

The accompanying notes are an integral part of this financial statement.

ST. THOMAS COMMUNITY HEALTH CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
OPERATING REVENUES			
Contributions	\$ 55,228	\$ -	\$ 55,228
Grant revenues	3,200,447	530,096	3,730,543
Patient revenues	212,258	-	212,258
Medicare and Medicaid	469,835	-	469,835
Program reimbursement	683,891	-	683,891
Private insurance	62,129	-	62,129
Donated materials	319,500	-	319,500
Donated facilities	18,000	-	18,000
Donated services	108,000	-	108,000
Other revenues	5,401	-	5,401
Net assets released from restriction	<u>885,760</u>	<u>(885,760)</u>	<u>-</u>
 Total Operating Revenues	 6,020,449	 (355,664)	 5,664,785
OPERATING EXPENSES			
Health care	3,957,751	-	3,957,751
Management and general	<u>1,416,680</u>	<u>-</u>	<u>1,416,680</u>
 Total Operating Expenses	 <u>5,374,431</u>	 <u>-</u>	 <u>5,374,431</u>
 Change in Net Assets	 646,018	 (355,664)	 290,354
 Net Assets - Beginning of Year	 <u>801,675</u>	 <u>2,055,002</u>	 <u>2,856,677</u>
 Net Assets - End of Year	 <u>\$ 1,447,693</u>	 <u>\$ 1,699,338</u>	 <u>\$ 3,147,031</u>

The accompanying notes are an integral part of this financial statement.

ST. THOMAS COMMUNITY HEALTH CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Health Care</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries, related payroll taxes and benefits	\$ 2,051,900	\$ 432,487	\$ 2,484,387
Professional fees and contract services	884,584	434,891	1,319,475
Accounting, audit and legal fees	-	153,943	153,943
Billing services	-	95,314	95,314
Depreciation	78,210	114,349	192,559
Insurance	97,242	4,669	101,911
Lab testing and diagnostics	52,049	-	52,049
Other	27,004	40,831	67,835
Postage	-	7,127	7,127
Rent	116,400	-	116,400
Repairs and maintenance	45,171	2,475	47,646
Supplies	81,716.00	91,617	173,333
Donated medical supplies	319,500	-	319,500
Donated facilities	18,000	-	18,000
Donated services	108,000	-	108,000
Trash and waste removal	12,956	4,127	17,083
Travel, meetings, conferences, continuing education	45,962	-	45,962
Utilities	19,057	34,850	53,907
Total Expenses	<u>\$ 3,957,751</u>	<u>\$ 1,416,680</u>	<u>\$ 5,374,431</u>

The accompanying notes are an integral part of this financial statement.

ST. THOMAS COMMUNITY HEALTH CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 290,354
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	192,559
Gain on investments	(753)
Change in operating assets and liabilities:	
Receivables, prepaids, and other assets	187,019
Accounts payable and accrued liabilities	<u>(78,372)</u>
Net cash provided by operating activities	590,807

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of furniture, equipment and building improvements	(42,979)
Option on building purchase	(50,000)
Purchase of investment	(71,029)
Maturity of investment	<u>3,917</u>
Net cash used in investing activities	<u>(160,091)</u>

Net Increase in Cash 430,716

Cash - Beginning of Year 1,780,515

Cash - End of Year \$ 2,211,231

RECONCILIATION TO THE STATEMENT OF FINANCIAL POSITION:

Cash	\$ 511,893
Restricted cash	<u>1,699,338</u>
Total cash	<u><u>\$ 2,211,231</u></u>

The accompanying notes are an integral part of this financial statement.

**ST. THOMAS COMMUNITY HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

St. Thomas Community Health Center, Inc. (the Clinic), formerly St. Thomas Health Services, Inc., is a community-based, non-profit, primary health clinic that provides ambulatory health care services, including diagnostic testing and medications, to the medically indigent of the St. Thomas Irish Channel Community and other areas of New Orleans.

St. Thomas Health Services, Inc. was founded in 1987 to improve the health status in the service area with major emphasis being placed on disease prevention. Due to the lingering affects of Hurricane Katrina, St. Thomas Health Services, Inc. discontinued operations on June 30, 2006 and was reformed on July 1, 2006 as St. Thomas Community Health Center, Inc.

Start-up funds, equipment, as well as on-going financial support for the operation of the Clinic, in a neighborhood where 70-80% of the residents are uninsured and where 10% of the patients are homeless, have been obtained primarily from private sources and various grants.

The Clinic makes use of support services offered by neighboring social service agencies and hospitals and the New Orleans medical community. The Clinic also lends its support through the provision of specialized laboratory testing, diagnostic services and hospitalization services at low or no cost.

The Clinic is governed by a ten (10) member Board of Directors all of whom serve until their resignation or removal from the Board.

In order to assist in meeting its goals and mission of providing services as a primary health care clinic, the Clinic has applied for and has been awarded several governmental grants. During the year ended December 31, 2009, the Clinic received and administered the following:

GOVERNMENTAL GRANTS

Maternal and Child Health Care Program

This program, funded by a grant from the State of Louisiana, Department of Health and Hospitals, provided services as follows:

- (i) Comprehensive pediatric care to a defined number of children,
- (ii) Comprehensive health care to a defined number of adult women and adolescents of child bearing age,
- (iii) Social work and nutritionist services,
- (iv) Coordination of maternal and child health services offered with CIC and Medicaid, and
- (v) Development of outreach programs to increase access to primary health care.

ST. THOMAS COMMUNITY HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Primary Care Access and Stabilization Grant

This program, administered by the Louisiana Public Health Institute, a non-profit corporation funded through the Department of Health and Hospitals, provides neighborhood-based, integrated health care services to residents in hurricane affected communities.

Health Resources and Services Administration Grant

This grant, administered by the Department of Health and Human Services and funded by the American Recovery and Reinvestment Act (ARRA) of 2009, is being used to establish a New Access Point (NAP). The federal award will add revenues of \$650,000 per year for operational expenses associated with the care of the Medicare, Medicaid and uninsured populations. In addition to the NAP award from HRSA, the Clinic has also been awarded a Capital Improvement Project (CIP) award of \$250,000 to purchase medical exam room equipment, and an Increased Demand for Services (IDS) award in the amount of \$100,000 to provide Obstetric care.

LSU Contracts

These contracts, funded by Louisiana State University, provide mammography and breast cancer detection and prevention. The program also provides for comprehensive breast and cervical cancer screening and education services, which may include mammograms, clinical breast exams, pap-tests, and pelvic exams.

Family Planning

This program funded by the State of Louisiana, Department of Health and Hospitals, provides family planning services to persons requesting them. The services include pregnancy testing and referrals.

PRIVATE FOUNDATION PROGRAMS

Eye, Ear, Nose & Throat (EENT)

The Eye, Ear, Nose & Throat Program, a private foundation, provides eye, ear, nose and throat care for qualified indigent and uninsured patients at normal costs.

Susan Komen Breast Cancer Foundation

The Susan Komen Breast Cancer Foundation, a private foundation, provides mammography, breast cancer education, and surgical oncology consultation for uninsured and underinsured women in the New Orleans region and surrounding parishes.

OTHER

RAND/Red Cross

RAND is the corporate sponsor for the Red Cross grant. This program provides behavioral health and wellness programs as well as activities in the New Orleans region.

ST. THOMAS COMMUNITY HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Reporting

The financial statements are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America. The Clinic classifies resources for accounting and reporting purposes into three net asset categories which are unrestricted, temporarily restricted and permanently restricted net assets according to externally (donor) imposed restrictions.

A description of the three net asset categories is as follows:

- Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of the Clinic are included in this category. The Clinic has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the Clinic and, therefore, the Clinic's policy is to record these net assets as unrestricted.
- Temporarily restricted net assets include realized gains and losses, investment income and gifts and contributions for which donor imposed restrictions have not been met.
- Permanently restricted net assets are contributions which are required by the donor imposed restriction to be invested in perpetuity and only the income be made available for program operation in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor-imposed restrictions. As of December 31, 2009, the Clinic had no permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Revenues received under government grant programs are recognized when earned. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

Cash Equivalents

For purposes of the statement of cash flows, the Clinic considers all investments purchased with a maturity of three months or less to be cash equivalents.

ST. THOMAS COMMUNITY HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Donated Medical Supplies, Services, and Facilities

Donated medical supplies are recorded at fair value as received and include medications and related medical supplies donated to the Clinic. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Clinic. Donated facilities are recorded at fair market value and included the Clinic's parking lot surface, which is not included in the Clinic's building lease.

NOTE B – CASH

Cash (or resulting bank balances) are secured by \$250,000 in federal deposit insurance. At December 31, 2009, the Clinic had deposits with a local financial institution in excess of the federal deposit insurance limits by \$1,790,704. Management has not experienced any losses in the past and does not believe it is exposed to a significant amount of credit risk.

NOTE C – ACCOUNTS RECEIVABLE

As of December 31, 2009, accounts receivable consisted of the following:

Accounts receivable – patient billing	\$ 125,351
Grants receivable	26,758
	<u>\$ 152,109</u>

Management believes that all receivables are collectible and as such has not recorded an allowance for uncollectible accounts.

NOTE D – FURNITURE, EQUIPMENT, AND BUILDING IMPROVEMENTS

Furniture, equipment and building improvements of the Clinic are recorded as assets and are stated at historical cost, if purchased, or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	3-5 years
Leasehold improvements	7 years

As of December 31, 2009, such assets and related accumulated depreciation consisted of the following:

Furniture and fixtures	\$ 50,241
Computer equipment	27,303
Leasehold improvements	758,270
Machinery and equipment	348,433
Accumulated depreciation	<u>(464,808)</u>
	<u>\$ 719,439</u>

ST. THOMAS COMMUNITY HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE E – ECONOMIC DEPENDENCY

The primary source of revenue for the Clinic is federal, state and local grants and contracts provided through various funding agencies. The continued success of the Clinic is dependent upon the renewal of contracts from current funding sources as well as the Clinic's ability to obtain new funding.

NOTE F – UNRESTRICTED CONTRIBUTIONS

Contributions consisted of donations made to the Clinic to provide support to the operation of the Clinic as well as to fund specific projects as designed by the donor or the Board of Directors.

NOTE G – GOVERNMENTAL GRANTS

The Clinic is the recipient of various government grants. Included in government grant revenues are funds disbursed from several funding sources to provide funds for the implementation of various community programs as well as to support the operations of the Clinic.

The method of payment on the grants depends on the grant agreement. Some grants are received on a lump sum basis and expenses are applied against the funds. Other grant expenses are on a cost reimbursement basis.

NOTE H – PATIENT REVENUES

The Clinic provides medical assistance to eligible Medicaid and Medicare recipients and receives reimbursements from the State of Louisiana's Department of Health and Hospitals and the U.S. Department of Health and Human Services' Centers for Medicare and Medicaid Services (CMS) for claims submitted in conjunction with those services provided.

In addition to patient revenues, the Clinic also received patient insurance payments. For the year ended December 31, 2009, the Clinic received \$469,835 in reimbursements for Medicaid and Medicare claims submitted.

NOTE I – BUILDING LEASE

In January 1991, the Clinic executed a fifteen (15) year lease agreement with the Society of Redemptorists Order for the use of a building located at 1020 St. Andrew Street. The terms of the lease require the Clinic to be responsible for the complete renovation of the building, upkeep and maintenance of the property, utilities and insurance coverage for the building and its contents.

A new three year lease agreement was signed with the Society of Redemptorists Order for the building which terminates December 31, 2010 and is eligible to be renewed on a yearly basis after that date. The building is to be used solely for the purpose of a neighborhood primary health care facility.

ST. THOMAS COMMUNITY HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE J – PENSION PLAN

Effective January 1, 2006, the Clinic established the St. Thomas Community Healthcare Center Retirement Plan (the Plan), a 401(k) Plan. Employees over the age of 18, who have worked for the Clinic for more than 90 days, and have 1,000 hours of service in a plan year, are eligible to participate in the Plan. Plan expenses may be paid by the Clinic or by the Plan. Matching contributions are determined annually by the Clinic. The Clinic matches 100% of employee contributions up to 6% of gross pay. For the year ended December 31, 2009, the Clinic incurred \$67,921 administrative costs and matching contributions related to the Plan.

NOTE K – INCOME TAXES

The Clinic is exempt from federal income taxes through Section 501(c) (3) of the Internal Revenue Code. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments to or disclosures in the financial statements.

NOTE L – CONTINGENCY

The Clinic is a recipient of several grants and awards of Federal and State funds. These grants and awards are governed by various Federal and State guidelines, regulations, and contractual agreements.

The administration of the programs and activities funded by these grants and awards is under the contract and administration of the Clinic and is subject to audit and/or review by the applicable funding sources. Any grant or award funds found to be not properly spent in accordance with the terms, conditions, and regulations of the funding sources may be subject to recapture.

NOTE M – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 9, 2010, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

OTHER REPORTS AND SUPPLEMENTAL SCHEDULES

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
St. Thomas Community Health Center, Inc.

We have audited the financial statements of St. Thomas Community Health Center, Inc. as of and for the year ended December 31, 2009, and have issued our report thereon dated June 9, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Thomas Community Health Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Thomas Community Health Center, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of St. Thomas Community Health Center, Inc.'s internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Thomas Community Health Center, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor of the State of Louisiana, federal awarding agencies, and pass-through entities and it is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Silva Gurtner & Albrey, LLC

June 9, 2010



Certified Public Accountants & Consultants

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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH OF THE MAJOR PROGRAMS AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133**

To the Board of Directors
St. Thomas Community Health Center, Inc.

Compliance

We have audited the compliance of St. Thomas Community Health Center, Inc. with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2009. St. Thomas Community Health Center, Inc.'s major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of St. Thomas Community Health Center, Inc.'s management. Our responsibility is to express an opinion on the St. Thomas Community Health Center, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about St. Thomas Community Health Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of St. Thomas Community Health Center, Inc.'s compliance with those requirements.

In our opinion, St. Thomas Community Health Center, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

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Internal Control Over Compliance

The management of St. Thomas Community Health Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered St. Thomas Community Health Center, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of St. Thomas Community Health Center, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor of the State of Louisiana, federal awarding agencies, and pass-through entities and it is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Silva Gurtner & Abney, LLC

June 9, 2010

**ST. THOMAS COMMUNITY HEALTH CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

<u>Federal Grantor/ Pass through Grantor Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Hospitals:		
Direct Award through Health Resources and Services Administration:		
ARRA – Health Center Integrated Services Development Initiative, Recovery Act Health Center Cluster Program Grant	93.703	\$ 487,498
Passed through Louisiana Public Health Institute:		
Centers for Medicare and Medicaid Services (CMS) Research, Primary Care Access and Stabilization Grant	93.779	<u>2,547,698</u>
Total expenditures of federal awards		<u>\$ 3,035,196</u>

Notes to Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of Federal Awards includes the federal grant activity of St. Thomas Community Health Center, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**ST. THOMAS COMMUNITY HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Part I – Summary of Auditors' Results

1. Type of report issued on the financial statements: Unqualified.
2. Did the audit disclose any reportable conditions in internal control: None Reported.
3. Were any of the reportable conditions material weaknesses: Not Applicable.
4. Did the audit disclose any noncompliance which is material to the financial statements of the organization: None Reported.
5. Did the audit disclose any reportable conditions in internal control over major programs: None Reported.
6. Were any of the reportable conditions in internal control over major programs material weaknesses: Not Applicable.
7. Type of report issued on compliance for major programs: Unqualified.
8. Did the audit disclose any audit findings which the independent auditors are required to report under OMB Circular A-133, Section 510(a): None reported.
9. The following is an identification of major programs:

Recovery Act Health Center Cluster Program Grant, CFDA # 93.703
Primary Care Access and Stabilization Grant, CFDA # 93.779
10. The dollar threshold used to distinguish between Type A and Type B Programs, as described in OMB Circular A-133, Section 520(b) was \$300,000.
11. Did the auditee qualify as low-risk under OMB Circular A-133, Section 530: Yes.

Part II – Financial Statement Findings and Questioned Costs

There are neither findings nor questioned costs.

Part III – Federal Award Findings and Questioned Costs

There are neither findings nor questioned costs.



e reports/LLA
Sent by: Jo Ann Garrison

07/01/2010 10:37 AM

To Rana Hamdan <RHamdan@silva-cpa.com>

cc

bcc

Subject Re: St. Thomas Community Health Center #9836

Received Report.

Engagement/Report Processing Department
Office of Legislative Auditor
Rana Hamdan <RHamdan@silva-cpa.com>



Rana Hamdan
<RHamdan@silva-cpa.com>

07/01/2010 10:16 AM

To "ereports@lla.state.la.us" <ereports@lla.state.la.us>

cc

Subject St. Thomas Community Health Center #9836

St Thomas Community Health Center, 12-31-09

Thank you,

Rana A. Hamdan

 **Silva Gurtner & Abney**

Certified Public Accountants & Consultants

Limited Liability Company

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4565 Lasalle Street, Suite 300, Mandeville, LA 70471, 985-626-8299(O), 985-626-9767(F)

4330 Dumaine Street, New Orleans, LA 70119, 504-833-2436(O), 504-484-0807(F)

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[attachment "Signed data collection form.pdf" deleted by Jo Ann Garrison/LLA] [attachment "FINAL signed fin and comp audit 12-31-09.pdf" deleted by Jo Ann Garrison/LLA]